



Boards of Assessors
City Auditors and Town Accountants
Mayors and Selectmen

August, 2015

The Bureau of Local Assessment (BLA) and Bureau of Accounts (BOA) stress the following items in preparation of the tax rate and/or pro forma recap for FY2016.

The following items are new for FY2016:

- Snow and Ice Deficits

DLS Bulletin [2015-07B](#) details the process cities and towns in certain Massachusetts counties may use to amortize their FY2015 snow and ice account deficit. An amount may be required to be provided for in FY2016. The Snow and Ice Amortization schedule can be found [here](#).

- Grant Reimbursements

City and town accountants were already notified by the Bureau of Accounts that expenditures made in anticipation of State grant reimbursements that were subsequently reduced or eliminated in FY2015, which caused a deficit in the grant account as of June 30, 2015, and for which reimbursement is no longer anticipated must be provided for or else included on page 2 of the FY2016 Tax Rate Recap as an "Other Amount to be Raised."

- A reminder from [IGR 15-402](#) that amended growth reports for FY15 may also include prior year growth attributable to previously unreported or misreported taxable personal property discovered during a personal property audit and assessed during FY15 or FY16. The IGR includes a link to the required spreadsheet to document that reported growth.

- Field Reps

Due to the staffing changes in the Bureau of Accounts, we will soon be issuing a Bulletin to all cities, towns, special purpose and regional school districts indicating their field representatives and their office locations for FY2016. We thank all for their patience during this time.

The following items are substantially the same as in FY2015:

Solar Electric Generation Facilities and Tax Agreements

- Communities receiving “payment in lieu of taxes” (PILOTs) pursuant to the provisions of M.G.L. c. 59 § 38H(b) must follow the requirements spelled out in IGR 98-403 for tax agreements pertaining to power plants of generation and wholesale generation companies, which include solar generation facilities that provide electricity to the grid. Communities must report the value of these 38H(b) tax agreements on form LA-4 so that the value is reflected on page 1 of the Tax Rate Recap. Valuation should be in accordance with the taxing agreement. Payments resulting from them will be treated as property taxes for Proposition 2½ and tax classification purposes. The payments are subject to the municipality’s levy limit, and the values will be used to calculate its levy ceiling, minimum residential factor (MRF) and tax rate. The revenue from PILOT agreements pursuant to M.G.L. c. 59 § 38H(b), which has been included as part of total value, cannot again be reported as a PILOT estimated receipt on page 3 of the Tax Rate or Pro Forma Recap.
- If in addition to the agreed PILOT, the community is estimating revenues from generated electricity sold to the grid through a Power Purchase Agreement (PPA), a lease of municipal property or other contractual arrangement, these revenues must be reported on page 3 of the Tax Rate or Pro Forma Recap as Miscellaneous Recurring.
- The Bureau will continue to require that any FY2016 estimated receipt above its FY2015 actual amount (except for rounding) be supported by reasonable documentation. Unreasonable FY2016 estimates may be rejected by the Bureau for tax rate setting purposes.
- Any increase in enterprise fund indirect costs from FY2015 reported on Schedule A-2 should be supported by documentation. In the past, the Bureau has recommended that every community with an enterprise fund establish a written, internal policy regarding indirect cost allocation and should review this policy annually. The Director of Accounts may reject any community’s methodology, written or otherwise, as unreasonable for tax rate setting purposes.

- For Gateway LA-5 submission purposes, the Bureau of Accounts will allow any local official with Gateway check-off authority to do so on-behalf of the Board of Selectmen provided they have been given such authority by the board. Indication of this authority should be typed in the comment box. If this option is chosen, a hard copy of the LA-5 signed by the Board of Selectmen must still accompany other recap supporting documentation submitted to the Bureau of Accounts.

Community Preservation Act

A city or town imposing the CPA surcharge for the first time must submit the CPA surcharge estimate worksheet found in the FY2016 tax rate instruction book.

For purposes of completing Schedule A-4, part 1a, state trust fund distribution, BOA will accept no amount greater than 18% of the FY2015 net (after abatements) surcharge committed unless either:

- the actual FY2016 distribution calculated and published by DLS (by law no later than November 15th) shows a greater amount;
- reasonable supporting documentation submitted can support a greater amount.

Reporting Rescission of FY2015 Appropriations from Tax Levy and Rescission of Borrowing Authorizations

Appropriation reductions from the tax levy as a funding source voted after FY2015's tax rate was certified should be reported on page 4 of the FY2016 tax rate or pro forma recap column (b), first in the amount of the initial appropriation followed by a negative for the same amount. In this way, FY2015 action will offset and FY2016 action will not be affected.

Report any rescission of borrowing authorization on page 4 of the Tax Rate Recap, column (g) as a negative amount. Note that this is information is memo only; the column provides no total which may interfere with the tax rate calculation.

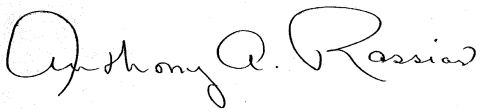
BOA's Annual Budget Bulletin

In April of 2015, the Bureau issued its annual budget [Bulletin \(2015-03B\)](#) to local officials indicating BOA's position on a variety of FY2016 tax rate/pro forma issues from revenue and expenditure budgeting to enterprise fund matters to emergency spending.

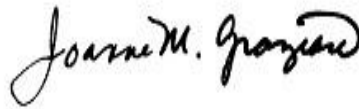
Appropriating for Enterprise Fund Indirect Costs from the General or Other Fund

Per [IGR 08-101](#), indirect costs are generally appropriated as part of the general fund operating budget and are allocated to the enterprise fund as reported on schedule A-2. Do not appropriate these costs in both the General Fund operating budget and in the enterprise fund budget. Local financial officials may wish to show the public all costs of the enterprise fund, but should not duplicate their appropriation. Therefore, reporting of enterprise fund estimated receipts on page 3 of the tax rate or pro forma recap to offset such duplication should not occur.

Sincerely,

Handwritten signature of Anthony A. Rassias in black ink.

Anthony A. Rassias
Deputy Director of Accounts

Handwritten signature of Joanne M. Graziano in black ink.

Joanne Graziano, Chief
Bureau of Local Assessment